#### **MINUTES**

#### STATE BOARD OF EDUCATION

Ladislaus B. Dombrowski Board Room John A. Hannah Building 608 West Allegan Lansing, Michigan

> November 18, 2014 9:30 a.m.

Present: Mr. Michael P. Flanagan, Chairman

Mr. John C. Austin, President

Dr. Casandra E. Ulbrich, Vice President

Mr. Daniel Varner, Secretary Dr. Richard Zeile, Treasurer

Ms. Michelle Fecteau, NASBE Delegate

Ms. Lupe Ramos-Montigny Mrs. Kathleen N. Straus Mrs. Eileen Weiser

Mr. Craig Ruff, representing Governor Rick Snyder, ex officio

Also Present: Ms. Melody Arabo, 2014-2015 Michigan Teacher of the Year

#### **REGULAR MEETING**

# I. <u>CALL TO ORDER</u>

Mr. Flanagan called the meeting to order at 9:38 a.m.

## II. APPROVAL OF AGENDA AND ORDER OF PRIORITY

Mr. Austin moved, seconded by Mr. Varner, that the State Board of Education approve the agenda and order of priority.

Mr. Austin said Item N, Presentation on Student Growth Measurement has been added to the Regular Meeting.

The vote was taken on the motion, as amended.

Ayes: Austin, Fecteau, Ramos-Montigny, Ulbrich, Varner, Zeile Absent: Straus, Weiser

#### The motion carried.

Mr. Ruff, Mrs. Straus and Mrs. Weiser arrived at 9:39 a.m.

#### III. INTRODUCTION OF STATE BOARD OF EDUCATION MEMBERS

Mrs. Marilyn Schneider, State Board Executive, invited audience members to introduce themselves. She also introduced members of the State Board of Education and the 2014-2015 Michigan Teacher of the Year.

#### IV. PERSONAL PRIVILEGE - MICHAEL P. FLANAGAN

Mr. Flanagan congratulated Dr. Ulbrich on her re-election to the State Board of Education. He said she is intelligent and a good person who represents the children of the state well, and the Board is happy to welcome her back for another eight year term.

Mr. Flanagan congratulated Dr. Zeile on being elected Central Area Director at the National Association of State Boards of Education Annual Meeting.

Mr. Flanagan also congratulated Ms. Ramos-Montigny who received the Inclusion Individual award at the Public Media WGVU awards luncheon.

Mr. Flanagan showed photos of his first grade desk in Brooklyn, New York and his graduation from the Disney Institute at the Council of Chief State School Officers meeting.

Mr. Flanagan recognized the Michigan Department of Education Wellness Team by presenting the members with Teamwork coins. He presented Patty Lawless, Chair of the Wellness Team, with a Leadership coin for her dedication to the Wellness Team for 28 years and the Michigan Department of Education for 41 years.

#### V. RECESS

The Board recessed the Regular Meeting at 9:49 a.m. and convened the Committee of the Whole.

# **COMMITTEE OF THE WHOLE MEETING**

# VI. CALL TO ORDER

Mr. Flanagan called the Committee of the Whole Meeting to order at 9:50 a.m.

#### VII. PRESENTATION ON RACE TO THE TOP EARLY LEARNING CHALLENGE

Ms. Susan Broman, Deputy Superintendent, Great Start; and Ms. Jessica Gillard, Project Manager, Race to the Top Early Learning Challenge; presented the Race to the Top Early Learning Challenge.

Mr. Flanagan said that in 2013, Michigan was awarded \$51,737,456 as part of the federal Race to the Top Early Learning Challenge. He said the purpose of the grant is to support Michigan's efforts in improving learning and development programs for young children.

Information was shared via a PowerPoint presentation.

Board member discussion included data collection and coordination, technology and college access for rural communities, stakeholder focus groups, partnering with stakeholders in local communities, kindergarten assessment, reaching out to unlicensed child care providers, and inclusion of children with autism and cognitive disabilities as well as specialized training for teachers.

#### VIII. PRESENTATION ON MICHIGAN SCIENCE STANDARDS

Dr. Venessa Keesler, Deputy Superintendent, Education Services; and Ms. Linda Forward, Director, Education Improvement and Innovation; presented the Michigan Science Standards.

Mr. Flanagan said the presentation completes a series focusing on considerations for science education based upon the Framework for K-12 Science Education. He said nineteen months ago, proposed new standards were first introduced to the State Board of Education for consideration for adoption. He said the effort was delayed, and subsequently followed by Board meeting presentations over the last six months addressing a variety of implementation considerations. He said science standards will be presented to the Board for approval at a subsequent meeting.

Information was shared via a **Keynote presentation**.

Board member discussion included framing the best science standards for Michigan and student learning outcomes; communication with the legislature; addressing stakeholder questions and concerns; supports for teachers to implement standards; expectation that standards will benefit students at all achievement levels; board approved standards and locally determined curriculum; seven year plan of alignment; participation by representatives of higher education institutions during the review process; professional learning for new and current teachers; need for resources, time and training; collaboration with teachers testifying and offering support; and standardized testing.

# IX. PRESENTATION ON SPECIAL EDUCATION PROBLEM SOLVING PROCESS: RESPONSIBILITIES AND ROLES IN THE COMPLAINT PROCESS

Dr. Venessa Keesler, Deputy Superintendent, Education Services; Ms. Teri Johnson Chapman, Interim Director, Special Education; and Ms. Sheryl Diamond, Manager, Program Accountability; presented the Special Education Problem Solving Process: Responsibilities and Roles in the Complaint Process.

Mr. Flanagan said the presentation explains the special education inclusive process of Michigan's Special Education State Complaint Process.

Information was shared via a **PowerPoint presentation**.

Board member discussion included identifiable educational needs rather than diagnosis, services for deaf and hard of hearing, underfunding and support of education in general, high stakes standardized testing as a measure of success putting special education students behind, educational devices and resources available through intermediate school districts, school district complaints, definition of federal law, state monitoring of school districts, increasing public awareness of special education toll free telephone number, weighted funding for students, trend information, resolution of disagreements between family and school, and due process hearing.

#### X. RECESS

The Board recessed the Committee of the Whole at 1:12 p.m. and reconvened at the Regular meeting 1:37 p.m.

#### **REGULAR MEETING**

#### XI. PUBLIC PARTICIPATION IN STATE BOARD OF EDUCATION MEETING

- Stephen McGhee of Detroit, Michigan. Mr. McGhee, Principal of Central Collegiate Academy, representing the Education Achievement Authority, provided verbal comments regarding the Education Achievement Authority.
- 2. George Seahorn of Detroit, Michigan. Mr. Seahorn provided verbal comments regarding the Education Achievement Authority.
- 3. Leslie Fantroy of Detroit, Michigan. Ms. Fantroy provided verbal comments regarding the Education Achievement Authority.
- 4. John Stewart of Plymouth, Michigan. Mr. Stewart provided verbal comments regarding educational policy, charter schools and the Education Achievement Authority.
- 5. Mary Starr of Plymouth, Michigan. Dr. Starr provided verbal comments and written information regarding the Michigan Mathematics and Science Centers Network.
- 6. Dave Krebs of Muskegon, Michigan. Mr. Krebs, representing Muskegon Area Intermediate School District, provided verbal comments and written information regarding Michigan Mathematics and Science Centers and statewide support for Science, Technology, Engineering and Mathematics Education.
- 7. Jennifer Flaherty of Livonia, Michigan. Ms. Flaherty provided verbal comments regarding special education complaints.

- 8. Tracy Peters of Detroit, Michigan. Ms. Peters provided verbal comments on MCL 380.1281, Board responsibilities and 1963 Constitution Article 8, Section 2.
- 9. Cynthia Desmon of Troy, Michigan. Ms. Desmon provided verbal comments regarding special education complaints.
- 10. Marcie Lipsitt of Franklin, Michigan. Ms. Lipsitt provided verbal comments on concerns regarding the Michigan Department of Education, intermediate school districts, local educational agencies and special education.

#### XII. RECESS

The Board recessed the Regular Meeting at 2:10 p.m. and reconvened the Committee of the Whole.

#### **COMMITTEE OF THE WHOLE MEETING**

#### XIII. DISCUSSION ON MICHIGAN SCHOOL ORGANIZATION AND FINANCE

Mr. Austin led the Discussion on Michigan School Organization and Finance. He distributed and reviewed a draft document, "Michigan State Board of Education Recommendations for Change to Michigan School Organization and Finance."

Mr. Austin said the discussion on Michigan School Organization and Finance focuses on the context driving the need for change in the way education is organized and financed, and how to do things differently to improve educational performance. He said the report is a summary of major issues driving change that relies on non-partisan analyses as presented to the State Board of Education during previous board meetings by Citizens Research Council, Phil Kearney and Michael Addonizio, Education Trust – Midwest and the Center for Michigan. He said recommendations for change will be discussed in December.

Mr. Austin invited the Board to receive the report. Discussion continued during the Regular Meeting.

#### XIV. RECESS

The Board recessed the Committee of the Whole at 2:26 p.m. to reconvene the Regular Meeting.

# **REGULAR MEETING**

#### XV. DISCUSSION ON MICHIGAN SCHOOL ORGANIZATION AND FINANCE (continued)

This is a continuation of the Committee of the Whole Discussion on Michigan School Organization and Finance.

# Mr. Austin moved, seconded by Dr. Ulbrich, that the State Board of Education reconvene the Regular Meeting.

The vote was taken on the motion.

# The motion carried unanimously.

Dr. Ulbrich moved, seconded by Mrs. Straus, that the State Board of Education receive the report, "Michigan State Board of Education Recommendations for Change to Michigan School Organization and Finance."

The vote was taken on the motion.

Ayes: Austin, Fecteau, Ramos-Montigny, Straus, Ulbrich, Varner,

Weiser

Nay: Zeile

#### The motion carried.

Mrs. Weiser said the report needs parameters of why things go wrong. She asked the Board to consider if it is just money or structural problems that are known to not work.

Dr. Ulbrich said the report states that there is a problem, and the next part will propose solutions.

Mrs. Weiser said the report should be bipartisan. Mr. Austin said the most effective approach will be to forge harmony and also include business leadership who have ideas regarding challenges and solutions.

Dr. Zeile said he has a problem with the premise, and he is not sure that a fundamental change is needed. He said he does not accept the premise that educational failures are due to financial problems. He said it may be sensible to make changes, but money cannot compensate for all problems.

Mr. Austin used the analogy that we are driving an old car and now is the time for an overhaul. He said it is not just about putting more money in the tank. He said it is about how we design and engineer the way we deliver education.

Mrs. Straus said she believes that differentiated funding should be included, and Mr. Austin agreed.

Mrs. Fecteau said she is concerned about education revenue streams being reduced.

Mr. Ruff said the report is lacking information on school organization including student achievement and structural changes. Mr. Austin said school choice,

charter schools and cyber schools are included in school organization and additional information will be included in the second part that the Board discusses in December.

"Michigan State Board of Education Recommendations for Change to Michigan School Organization and Finance" is attached as Exhibit A.

#### XVI. RECESS

The Board recessed the Regular Meeting at 2:51 p.m. and reconvened the Committee of the Whole.

## **COMMITTEE OF THE WHOLE MEETING**

#### XVII. REPORT ON STATE SUPERINTENDENT SEARCH

Mr. Austin reported on the State Superintendent Search. He said public input has been gathered, and qualifications for the State Superintendent have been determined. He said the Board will convene a Special Meeting to finalize the details of a contract with a search firm.

Mr. Austin said the Board is seeking an effective leader who can help improve education. He said the Board will work with Mr. Ruff to seek input from the Governor. He said the Board is eager to have high quality candidates, from a pool of candidates including Michigan leaders and people from across the nation.

Mr. Ruff left the meeting at 3:00 p.m.

#### XVIII. ADJOURNMENT

The Board adjourned the Committee of the Whole at 3:00 p.m. and reconvened the Regular Meeting.

#### **REGULAR MEETING**

#### XIX. APPROVAL OF STATE BOARD OF EDUCATION MINUTES

F. Approval of Minutes of Special Meeting of October 1, 2014

Dr. Ulbrich moved, seconded by Mr. Varner, that the State Board of Education approve the Minutes of the Special Meeting of October 1, 2014.

The vote was taken on the motion.

# The motion carried unanimously.

G. Approval of Minutes of Regular and Committee of the Whole Meeting of October 14, 2014

Mr. Varner moved, seconded by Ms. Fecteau, that the State Board of Education approve the Minutes of the Regular and Committee of the Whole Meeting of October 14, 2014.

Mrs. Straus said she has given Mrs. Schneider edits to the meeting minutes.

The vote was taken on the motion, as amended by discussion.

## The motion carried unanimously.

H. Approval of Minutes of Special Meeting of October 22, 2014

Ms. Ramos-Montigny moved, seconded by Mr. Varner, that the State Board of Education approve the Minutes of the Special Meeting of October 22, 2014.

The vote was taken on the motion.

The motion carried unanimously.

#### XX. PRESIDENT'S REPORT

Mr. Austin congratulated Dr. Casandra Ulbrich who was successful in her reelection campaign and will begin her second eight-year term on the State Board of Education on January 1, 2015. He said Dr. Pamela Pugh Smith, was also elected for an eight-year term, and she will begin serving on the State Board of Education on January 1, 2015. He congratulated Dr. Smith.

#### XXI. REPORT OF THE SUPERINTENDENT

#### <u>Reports</u>

- I. Human Resources Report
- J. Report on Property Transfer Decisions

#### Grants

- K. Report on Grant Awards
  - 2014-2015 Great Start Readiness Program Evaluation Grant Continuation
  - 2. 2014-2015 Individuals with Disabilities Education Act Preschool Indicators Grant Initial, Continuation
  - 3. 2014-2015 Mandated Activities Under the Individuals with Disabilities Education Act (IDEA 2004), Part C Continuation
  - 4. 2013-2014 Title II, Part A(3) Improving Teacher Quality Amendment

- 5. 2014-2015 Elementary and Secondary Education Act (ESEA)
  Regional Intermediate School District (ISD) Partnership Grant –
  Continuation
- 6. 2014-2015 Title I, Part A Improving Basic Programs Amendment
- 7. 2014-2015 Title I, Part D Prevention and Intervention for Neglected and Delinquent Initial
- 8. 2014-2015 Title II, Part A Teacher and Principal Training and Recruiting Amendment
- 9. 2014-2015 Title VI, Part B, Rural and Low Income School Program Initial
- 10. 2014-2015 Title VI, Part B, Rural and Low Income School Program Amendment
- 11. 2014-2015 ISD Collaboration Grant Initial, Continuation
- 12. 2014-2015 Michigan Charter School Grant Program Initial
- 13. 2014-2015 Regional Assistance to High Priority Schools Initial
- 14. 2014-2015 Title I Statewide System of Support Technical Assistance Grant Initial
- 15. 2014-2015 Title IIA Statewide Technical Assistance Center Grants Initial, Continuation
- 16. 2014-2015 IDEA, Part B Mandated Activities Projects Amendment
- 17. 2013-2014 Consolidation of Operations or Services Grant Initial
- 18. 2013-2014 National School Lunch Program (NSLP) Equipment Assistance Grant Initial
- 19. 2014-2015 Application for School Bus Driver Safety Education Program Initial
- 20. 2014-2015 Child and Adolescent Health Centers Initial
- 21. 2014-2015 Hearing and Vision Screenings Initial
- 22. 2014-2015 Safe and Supportive Schools Grant Initial
- 23. 2014-2015 Safe Schools/Healthy Students State Planning, Local Educ. Agencies, & Local Communities Initial

Mr. Flanagan commented on special education, supply of teachers, and he introduced Ms. Shulawn Doxie, Special Assistant, Office of Great Start.

Dr. Ulbrich left the meeting at 3:12 p.m.

#### XXII. REPORT OF MICHIGAN TEACHER OF THE YEAR

Ms. Melody Arabo reviewed her monthly activities as the 2014-2015 Michigan Teacher of the Year via a video presentation.

#### XXIII. PRESENTATION ON STUDENT GROWTH MEASUREMENT

Dr. Joseph Martineau, Deputy Superintendent, Accountability Services; and Dr. Venessa Keesler, Deputy Superintendent, Education Services; presented on Student Growth Measurement.

Mr. Flanagan said the presentation provides a basic overview of student growth percentiles and the advantages of their use. He said student growth percentiles are a powerful way to measure student growth and help provided important information that can be used by parents, teachers and schools to understand student progress.

Information was provided via a PowerPoint presentation.

Board member discussion included the calculation when all teachers are effective, other states using this calculation, arguments against the calculation, implications for the spread in student achievement, multi-year averaging, importance of using proficiency data with students below grade level, stability of assessment regime, fairness to teachers, and teacher accountability related to staff turnover and transient students.

#### XXIV. STATE AND FEDERAL LEGISLATIVE UPDATE

Mr. Martin Ackley, Director, Public and Governmental Affairs, presented the State and Federal Legislative Update. He said there are several education bills awaiting action in the Legislature.

Mr. Ackley said the Board's Legislative Committee met on November 17, 2014. He said Mrs. Straus discussed developing a recommendation regarding the Board's Constitutional mandate to advise the Legislature on school funding.

# XXV. CONSENT\_AGENDA

M. Approval of the Michigan Core Knowledge and Core Competencies for the Early Care and Education Workforce

Mr. Austin moved, seconded by Mrs. Weiser, that the State Board of Education approve the consent agenda as follows:

M. approve the Michigan Core Knowledge and Core Competencies for the Early Care and Education Workforce, as included in the Superintendent's memorandum dated November 3, 2014.

The vote was taken on the motion.

Ayes: Austin, Fecteau, Ramos-Montigny, Straus, Varner, Weiser, Zeile

#### **Absent: Ulbrich**

#### The motion carried.

Mrs. Weiser left the meeting at 4:20 p.m.

#### XXVI. COMMENTS BY STATE BOARD OF EDUCATION MEMBERS

Mrs. Straus said the State Board of Education is responsible for leadership and general supervision over all public education and the Board should be involved in discussions regarding the future governance of Detroit Public Schools. Mr. Austin said he will follow up with Mr. Ruff. Mr. Varner said he agrees that a public conversation would be beneficial.

Mr. Varner said Excellent Schools Detroit issues school scorecards which use the 5Essentials Survey school improvement survey as part of the culture and climate score. He suggested that the Department consider the survey tool as a way to incorporate teacher and student voices into the state accountability system.

Dr. Zeile said previously he had requested that State Board of Education agendas include funding amounts in the titles listed under the Report on Grant Awards. Mr. Flanagan said future agendas will include the funding amounts in the titles.

Mr. Austin said Mr. John Stewart left an article about Michelle Anderson, Wayne-Westland Community Schools teacher, who will receive a National History Teacher of the Year Award.

## XXVII. TENTATIVE AGENDA FOR NEXT MEETING

Mr. Flanagan said Board members may contact a member of the Agenda Planning Committee comprised of Mr. Austin, Dr. Ulbrich and Mr. Varner with suggestions for agenda topics.

#### XXVIII. FUTURE MEETING DATES

- A. Tuesday, December 16, 2014 (9:30 a.m.)
- B. Tuesday, January 13, 2015 (9:30 a.m.)
- C. Tuesday, February 11, 2105 (9:30 a.m.)

#### XXIX. ADJOURNMENT

The meeting adjourned at 4:25 p.m.

The video archive of the meeting is available at www.michigan.gov/sbe.

Respectfully submitted,

Daniel Varner Secretary

# Michigan State Board of Education Recommendations for Change to Michigan School Organization and Finance

Pursuant to our Constitutional mandate to provide policy leadership and recommendations to the Governor and Legislature regarding the financial requirements of Michigan education, in January of 2014 the State Board began a process to drive understanding of Michigan School Finance and Organization issues and needs, identify priorities, and make recommendations for change.

Over the intervening months the State Board of Education has heard detailed analyses of the issues and recommendations for change from the public, dozens of stakeholders, researchers and education policy analysts from across the spectrum. These analyses offered a variety of perspectives about challenges and problems with Michigan's current education finance model, as well as provided insights into potential solutions, including the approaches used by successful state systems elsewhere.

To inform ourselves and the public discussion of these important issues, we first bring forward a summary of the major issues that demand attention, if we are to improve educational achievement in Michigan. Setting this context is an important pre-condition to advancing recommendations for improvement.

# **The Context Demanding Change**

# Improving Michigan's Flagging Educational Performance

There is broad agreement that the system of organizing and financing education in Michigan is in need of fundamental change. Once an education leader, Michigan is now in the bottom tier of states in academic achievement, and other states are racing past us in improving student performance.

While Michigan's total K-12 funding of \$12,644 per pupil is the 22nd highest in the US, (8<sup>th</sup> if adjusted for per capita income), our rank on the *Nation's Report Card* NAEP math and English scores hover around 38<sup>th</sup>. Michigan now ranks in the bottom five states for learning progress in fourth grade reading and math over the last decade; has seen all groups of students, white, African-American, Latino, low and high income – fall in the comparative ranks of student achievement; and is one of only 6 states that saw declining student growth in some subjects.<sup>1</sup>

# **Education Funding Trends**

The debate about the level of investment in Michigan public education, and the appropriate level of investment to support learning, is contentious. Some states

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<sup>&</sup>lt;sup>1</sup> Education Trust Midwest: Stalled to Sogring, April 3, 2014

that spend relatively more are doing better, like Massachusetts; while it is also true that some states that spend less are seeing faster learning gains, like Florida. Some facts may be agreed upon:

- In real inflation-adjusted dollars Michigan is spending 9% less in state dollars on public education than in 2008.<sup>2</sup>
- The overall "level of effort" state and local revenues spent on K-12 education as a percentage of Michigan's personal income has dropped from 4.1% to 3.4% over the past ten years<sup>3</sup>.
- State funding is up in nominal dollars \$1 billion from four years ago, but, in the
  words of the respected non-partisan Citizens Research Council (CRC): "the
  increase is almost exclusively earmarked to satisfy school employee retirement
  costs", and, "MPSERS costs, on the aggregate, have grown significantly over the
  five year period, and the share of the foundation allowance available for other
  typical classroom expenses has increased very modestly, but has not kept up
  with general inflation."<sup>4</sup>

# Declining Enrollments Interacting with Choice Policy, Charter/Cyber School Expansion Policy

With funding flowing largely through the per pupil foundation grant, the financial condition of schools, and performance of Michigan's school children is affected directly by enrollment changes.

- Michigan has seen overall declining enrollments from a high of 1,714,867 students in 2003, to a current 1,523,300, a decline of 11% over ten years.<sup>5</sup>
- This has been coupled with an increase in the numbers of schools. Michigan has gone from 560 to nearly 800 school districts over the past 20 years.<sup>6</sup>

Statewide declining enrollments combined with choice and charter policy have seen significant swings in enrollment, and hence the financing available for particular schools. For most this movement has been down.

- According to the CRC 420 of Michigan's charters and traditional public school districts have seen declining enrollments over the last ten years, versus 125 with increases.
- Over the most recent five years, 70% of all districts saw some amount of enrollment decline and over one-quarter of all districts had declines of 10% or more<sup>7</sup>.

<sup>&</sup>lt;sup>2</sup> Center on Budget and Policy Priorities, Most States Funding Schools Less Than Before Recession, May 20 2014

<sup>&</sup>lt;sup>3</sup> Michigan School Organization and Finance, Presentation to the State Board of Education, Phil Kearney and Mike Addonizio, February 11, 2014

<sup>&</sup>lt;sup>4</sup> CRC Memorandum: *Making Sense of K-12 Funding*, October 2014. (Public School Academies, or charter schools are their own school districts, which explains most of the increase).

<sup>&</sup>lt;sup>5</sup> Citizen Research Council presentation to State Board of Education, Michigan School Organization and Finance, March 11, 2014

<sup>&</sup>lt;sup>6</sup> Citizen Research Council presentation to State Board of Education, Michigan School Organization and Finance, March 11, 2014

<sup>&</sup>lt;sup>7</sup> CRC Memorandum: *Making Sense of K-12 Funding*, October 2014

According to the CRC, these trends have contributed to an increase in studentteacher ratios in two-thirds of districts<sup>8</sup>, and in the extreme cases, contributed to the declining quality and enrollment 'death spiral' that has brought over 50 school districts into deficit. The decline in statewide pupil enrollment has also been the second biggest factor driving the increase of employer contribution rates for unfunded accrued liabilities.

Given these trends, what is the overall fiscal condition of most schools today? Again, here's the CRC's assessment:

"While the amount of per-pupil funding is up, districts are paying higher retirement bills. This leaves fewer resources for other school expenses. Also, total funding at the district level is greatly influenced by the number of students enrolled. Because declining enrollment is a pervasive issue across the state, the vast majority of traditional public school districts must manage the fiscal effects of having less non-retirement funding to operate."10

# Need to Spend "Smarter"

Michigan's poor performance is not fully explained by the overall investment or dollars available for public education in particular public schools—whether charter or traditional – but how that money is spent. States that are improving in educational performance are doing so by more strategically investing in high yield approaches that support improved outcomes, including teacher quality improvements, extra support for poor and at-risk students<sup>11</sup>, structured school turnaround efforts, and enhanced early childhood education<sup>12</sup>, where Michigan *has* made headway; (albeit with resources formerly dedicated to K-12 schools).

Michigan has made many of the same significant reforms as higher performing and faster improving states: from more rigorous learning standards, to new teacher quality and evaluation expectations, to demanding accountability provisions. What Michigan has not done that other more successful states have done, is combine these reforms with the investment and capacity-building necessary to implement them effectively<sup>13</sup>.

<sup>10</sup> Ibid. p.8

<sup>&</sup>lt;sup>8</sup> Citizen Research Council presentation to State Board of Education, Michigan School Organization and Finance, March 11. 2014

<sup>&</sup>lt;sup>9</sup> House Fiscal Agency, Analysis of SB 620, 9/18/12.

<sup>&</sup>lt;sup>11</sup> In "Equity is the Key to Better School Funding", Education Week, March 28,, 2014, a Boston Consulting Group study finds: "By far the most statistically robust finding in our analysis was the role of increased funding equity in student outcomes. Equity should require that every student receives sufficient resources to have the same chance to succeed, rather than that every child gets the same level of funding."

<sup>&</sup>lt;sup>12</sup> Stalled to Soaring, Michigan's Path to Educational Recovery, The Education Trust Midwest, 2014

<sup>&</sup>lt;sup>13</sup> Bridge Magazine, Smartest Kids: What Michigan Schools Can Learn from Leading States, October 14, 2014

# Holes and Flaws in Proposal A and New Problems with Michigan School Finance System

Finally, the State Board's year-long examination of challenges to our Michigan education system also revealed a number of other significant features driving both financial and performance challenges in our schools:

- Holes and flaws in Proposal A that provide no state support for school buildings and technology<sup>14</sup>; and have led to differential tax treatment of similar local properties that affect revenues available for education.
- A strategy built into Proposal A the regional 3 mill levy opportunity envisioned to support local communities who chose to invest more in their schools, that has not worked in practice.
- Funding and pupil accounting system that serves to discourage, not encourage, participation in dual enrollment, and early college programs that are wildly effective at improving learning outcomes for both at-risk and high-achieving students.<sup>15</sup>
- Mushrooming costs of the retirement system: Proposal A shifted full responsibility for funding MPSERs to school districts, and a combination of factors, from declining enrollments, fewer employees in the system, the market financial collapse meant the total unfunded accrued liability for MPSERs increased from \$12 billion in 2009 to \$25 billion. To cope with this reality total MPSERs specific funding, including new state funding, has increased five-fold from \$155 million in 2012 to \$883 million today<sup>16</sup>.
- Significant and growing disparities in special education funding and services between districts. The per pupil spending for special education students are now \$14,397, versus \$9,633 for all K-12 students, and the costs difference has grown significantly since Proposal A<sup>17</sup>; and spending differences between ISDs are now very different.

Received November 18, 2014

<sup>&</sup>lt;sup>14</sup> Michigan School Organization and Finance, Presentation to the State Board of Education, Phil Kearney and Mike Addonizio, February 11, 2014

<sup>&</sup>lt;sup>15</sup> Community College Research Center; What We Know About Dual Enrollment, 2012, and Early College Continued Success, Early College Impact Study, AIR, 2014

<sup>&</sup>lt;sup>16</sup> CRC Memorandum: Making Sense of K-12 Funding, October 2014

<sup>&</sup>lt;sup>17</sup> Citizen Research Council presentation to State Board of Education, Michigan School Organization and Finance, March 11, 2014